

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 FEA-01 ERDA-05 AID-05  
CEA-01 CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06  
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /107 R

DRAFTED BY EB/ORF/FSE:MVCREEKMORE/WBMILAM  
APPROVED BY EB/ORF:SWBOSWORTH  
FEA:THOMPSON (SUBS)  
TREASURY:SCHOTTA (SUBS)  
COMMERCE:BLEY(SUBS)

-----290124Z 016314 /63

P 282224Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY CANBERRA PRIORITY  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
AMEMBASSY MADRID  
AMEMBASSY STOCKHOLM  
AMEMBASSY BERN  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY ROME  
AMEMBASSY DUBLIN  
AMEMBASSY COPENHAGEN  
AMEMBASSY BRUSSELS  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
INFO USMISSION OECD PARIS PRIORITY  
USMISSION EC BRUSSELS

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E.O. 11652: N/A  
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TAGS: ENRG

SUBJECT: CIEC; APRIL 7 VERTICAL G-8 MEETING ON ENERGY

1) PLEASE PASS THE FOLLOWING MESSAGE FROM ENERGY COMMIS-  
SION CO-CHAIRMAN STEPHEN W. BOSWORTH TO HOST GOVERNMENT

OFFICIALS RESPONSIBLE FOR WORK IN THE CIEC ENERGY COMMISSION.

2) QUOTE: AS YOU KNOW, THE G-8 WILL HOLD A HORIZONTAL COORDINATING MEETING ON APRIL 6. I WOULD LIKE TO HAVE A G-8 ENERGY MEETING THE FOLLOWING DAY.

3) THE PURPOSE OF OUR APRIL 7 MEETING WOULD BE TO REVIEW THE MAJOR ISSUES AND AREAS OF AGREEMENT AND DIS-AGREEMENT BETWEEN THE TWO SIDES IN THE ENERGY COMMISSION. I INTEND TO USE SCHEMATIC PAPER PREPARED BY THE US AND DISCUSSED AT THE FEBRUARY 28 MEETING OF THE BURROWS GROUP TO FACILITATE OUR DISCUSSIONS. THIS SCHEMATIC PAPER LARGELY EMBRACES THE SUBSTANCE OF THE PAPERS ON SUPPLY, PRICE AND COOPERATION SENT TO US BY THE SWISS, JAPANESE, AND EC.

4, I DO NOT THINK IT USEFUL AT THIS MEETING TO TRY TO AGREE ON SPECIFIC LANGUAGE FOR THE FINAL CIEC DOCUMENT. OUR PAST EXPERIENCE IN CIEC SUGGESTS THAT THE G-19 WILL REGARD ANY NEW DOCUMENT WE PUT ON THE TABLE AS A NEW G-8 NEGOTIATING POSITION AND THEY WILL COUNTER WITH A REITERATION OF THEIR ORIGINAL POSITIONS OF OCTOBER AND NOVEMBER. MOREOVER, WE SEE LITTLE UTILITY IN TRYING TO AGREE AMONG OURSELVES ON PRE-CISE LANGUAGE SINCE THIS LANGUAGE IN THE FINAL COMMUNIQUE WILL HAVE TO RESULT FROM THE NEGOTIATIONS BETWEEN THE TWO SIDES.

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5) CONSEQUENTLY, I WANT TO USE THE APRIL 7 MEETING TO ENSURE THAT WE HAVE G-8 AGREEMENT ON THE SUBSTANCE OF THE ISSUES. IT IS IMPORTANT THAT WE SINGLE OUT AREAS WHERE WE BELIEVE A COMPROMISE CAN BE REACHED WITH THE G-19 AND THOSE WHERE THE GAP BETWEEN THE TWO SIDES APPEARS UNBRIDGEABLE. IT WOULD BE THE TASK OF THE G-8 NEGOTIATORS IN THE CONTACT GROUPS AND/OR THE ENERGY COMMISSION TO ENSURE THAT THE FINAL NEGOTIA-

TIATED LANGUAGE REFLECTS AN AGREED SUBSTANTIVE POSITION. I THINK WE SHOULD FOCUS PARTICULARLY ON THE ISSUES CITED BELOW; OTHER DELEGATIONS MAY WISH TO RAISE ADDITIONAL POINTS FOR DISCUSSION:

-- THE COMMUNIQUE MUST RECOGNIZE THE IMPORTANCE OF AN ADEQUATE SUPPLY OF ENERGY TO THE GROWING WORLD ECONOMY. WHAT DEGREE OF SPECIFICITY SHOULD WE INSIST ON REGARDING THE RESPONSIBILITIES OF THE OIL EXPORTING COUNTRIES TO PROVIDE THIS SUPPLY?

-- THE TRANSITION PERIOD IS AN IMPORTANT CONCEPT IN  
RELATION TO A GENERAL UNDERTAKING TO DECREASE RELIANCE  
ON OIL AND GAS. ARE WE AGREED THAT THERE SHOULD BE  
SOME EXPLICIT REFERENCE TO THIS TRANSITION PERIOD BEING  
SMOOTH, ORDERLY, AND PROGRESSIVE (OR SIMILAR LANGUAGE  
THAT CONVEYS THE SAME IDEA)?

-- CAN WE ACCEPT MORE THAN GENERAL LANGUAGE ON THE TIME-  
FRAME RELATING TO THE DEPLETABILITY OF OIL AND GAS AND  
THE NEED TO INCREASE RELIANCE ON ALTERNATIVE SOURCES OF  
ENERGY?

-- WHAT DEGREE OF EMPHASIS DO WE WANT ON THE ROLE OF  
PRIVATE CAPITAL IN ENERGY DEVELOPMENT ;N OIL IMPORT-  
ING LDCS AND THE NEED FOR AN IMPROVEMENT IN THEIR  
INVESTMENT CLIMATE?  
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-- ARE WE PREPARED TO RECOMMEND INCREASED PUBLIC  
FINANCING FOR LDC ENERGY DEVELOPMENT? IN WHAT FORM?

-- THE ISSUE IN THE SUPPLY SECTION ABOUT FUTURE  
UNCERTAINTY IN ENERGY SUPPLY AND DEMAND AND THE NEED  
TO COOPERATE TO REDUCE THE UNCERTAINTY WAS DESIGNED TO  
FLAG A LATER RECOMMENDATION FOR A CONTINUING ENERGY  
DIALOGUE. DO WE NEED THE REFERENCE TO UNCERTAINTY IN  
PART I TO SUPPORT THE DIALOGUE IDEA? CONVERSELY,  
SHOULD WE INTRODUCE THE IDEA OF ON-GOING CONSULTATION  
IN THIS PART.

-- WHAT IS THE BEST TACTICAL MEANS TO SEEK G-19  
ACCEPTANCE OF THE ON-GOING ENERGY DIALOGUE? SHOULD  
IT BE REMOVED FROM PART III AND PLACED IN A SEPARATE  
PART IV.

-- ON THE PRICE ISSUE, SHOULD THE IMPACT OF PRICES ON  
THE WORLD ECONOMY AND THE NEED FOR THIS TO BE A FACTOR  
IN THE CONSIDERATIONS OF FUTURE OIL PRICES BE A BASIC  
G-8 POSITION. ARE WE PREPARED TO GO FURTHER THAN DID  
THE JAPANESE PAPER ON PRICES ON THE ISSUE OF PUR-  
CHASING POWER? HOW FAR ARE WE WILLING TO GO TO MEET  
THE G-19 VIEW THAT THE PRICE OF ALTERNATE

ENERGY SOURCES SHOULD BE THE STANDARD BY WHICH OIL  
PRICES ARE DETERMINED? WOULD IT BE BETTER TO HOLD FIRM  
TO ALL OUR POSITIONS ON PRICE (AS PUT FORWARD IN THE  
JAPANESE PAPER) AND SEEK ANODYNE LANGUAGE ON PRICES  
IN THE FINAL COMMUNIQUE?

-- HOW HARD SHOULD WE PUSH THE IEI IF OPEC COUNTRIES  
CONTINUE TO RESIST IT? IF NON-OIL LDCS SUPPORT IT?

-- SHOULD LANGUAGE ON R&D COOPERATION IN THE COM-  
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MUNIQUE BE GENERAL OR SHOULD WE SEEK SPECIFIC REFERENCE  
TO THE POSSIBILITY OF NON-IEA MEMBERS PARTICIPATING IN  
IEA R&D PROJECTS?

6) WE ALSO NEED TO DISCUSS ON APRIL 7 TACTICS FOR THE  
WORK IN THE CONTACT GROUPS. ONE KEY QUESTION IS

WHETHER IT WOULD BE PREFERABLE FOR THE CONTACT GROUPS  
TO RESUME WORK ON THEIR HIGHLY BRACKETED AND UNOFFICIAL  
TEXTS OF NOVEMBER OR BEGIN AGAIN ON THE BASIS OF  
THE EARLIER PAPERS OF THE G-8 AND G-19 THAT WERE DIS-  
CUSSED IN THE ENERGY COMMISSION BETWEEN SEPTEMBER AND  
NOVEMBER. ANOTHER IS WHETHER OR NOT WE SHOULD REFUSE  
TO TREAT ISSUES THAT ARE NOT PRIMARILY ENERGY  
SPECIFIC (E.G. BOP FINANCING, INDUSTRIALIZATION ISSUES,  
ETC.) IN THE ENERGY COMMISSION PORTION OF THE COM-  
MUNIQUE. A THIRD IS WHETHER WE SHOULD REFUSE TO  
ACCEPT ANY REFERENCE TO LAW OF THE SEA ISSUES IN CIEC.  
CHRISTOPHER

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## Message Attributes

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIEC; APRIL 7 VERTICAL G-8 MEETING ON ENERGY 1) PLEASE PASS THE FOLLOWING MESSAGE FROM ENERGY COMMIS- SION  
CO-CHAIRMAN STEPHEN W. BOSWORTH TO HOST G OVER  
**TAGS:** ENRG, AS, CA, JA, OECD, CIEC, G-8, (BOSWORTH, STEPHEN W)  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009